



1401 K Street NW Suite 800 • Washington, DC 20005

Colin Sandy
Associate Attorney

Voice: 202-682-2496
Fax: 202-682-0154
E-mail: csandy@neca.org

March 27, 2003

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

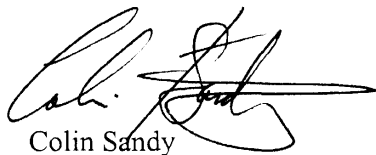
Re: **Notice of Ex Parte Presentation** — National Exchange Carrier Association,
Inc. Petition for Rulemaking to Amend Section 69.104 of the FCC Rules.
RM No. 10603

Dear Ms. Dortch:

Today in a letter addressed to Judith Nitsche of the Wireline Competition Bureau Pricing Policy Division, NECA responded to questions from Bureau staff regarding NECA's estimate that revising the current access charge rules to reduce the number of End User Common Line Charges (EUCLs) imposed on customers of channelized T-1 services would cause subscriber line charge (SLC) revenues to decrease by about \$13 million per year for the NECA pool. The attached letter explains how NECA's estimate was derived.

In accordance with the Commission's rules, a copy of this Notice has been filed electronically in the above referenced docket.

Regards,

A handwritten signature in black ink, appearing to read "Colin Sandy", is written over a horizontal line.

Colin Sandy

cc: Judith Nitsche, PPD
Tamara Preiss, PPD
Qualex International



80 South Jefferson Road
Whippany, NJ 07981

Bill Cook
Director
Access Tariffs & Technology Planning

Voice: 973-884-8077
Fax: 973-884-8082
E-mail: bcook@neca.org

March 27, 2003

Ms. Judith A. Nitsche
Assistant Division Chief, Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

**Re: NECA Petition for Rulemaking to Amend Section 69.104 of the FCC
Rules – RM No. 10603**

Dear Ms. Nitsche:

In its Reply comments in the above-referenced proceeding, NECA estimated that revising the current access charge rules so as to reduce the number of End User Common Line Charges (EUCLs) imposed on customers of channelized T-1 services would cause subscriber line charge (SLC) revenues to decrease by about \$13 million per year for the NECA pool (an amount equal to approximately 1.4% of total pool revenue).¹ In response to inquiries from Commission staff, this letter provides information on how NECA's revenue estimate was derived.

As previously explained, NECA sent a data request in December 2002 to members of its Rate Development Task Force (RDTF).² The data request sought information on the numbers of T-1 lines and associated SLC revenues used by RDTF members in the provision of Exchange Access where the customer provides the channelization equipment (e.g., PBX, DID/DOD or Digital Transport trunks).³ RDTF members identified a total demand of 2,681 T-1 services with \$362,388 in monthly SLC revenue in this category.

RDTF SLC revenue estimates were then adjusted to reflect reduction of EUCL charges to cost-based levels (i.e., five EUCLs per T-1). This reduced RDTF EUCLs revenues to

¹ RM No. 10603, Reply Comments of the National Exchange Carrier Association, Inc. (filed Dec. 16, 2002) at 6.

² The RDTF assists NECA in a number of special studies required for tariff filings. See NECA Transmittal No. 939 at Volume 5, Section 1, page 1, (June 17, 2002), describing the RDTF. See Exhibit 1 of that same volume for a list of NECA Rate Development Task Force participants.

³ RDTF members were asked to show the data as of 12/01 and to exclude Centrex, ISDN and Special Access T-1 lines from their demand and revenue reports.

\$78,792 per month. The difference in SLC revenue between charging five SLCs per T-1 and up to 24 SLCs per T-1 was \$284,076 (i.e., \$362,388 - \$78,792). This amount was then adjusted for the 1/1/02 SLC rate increase from \$6.00 to \$9.20, and annualized by multiplying the result by 12.

The resulting annual SLC revenue change estimate for the RDTF sample was \$5,226,998. Since RDTF respondents represent 39% of the total pool End User revenue (excluding ISDN), dividing the RDTF's estimated reduction amount by .39 produces an annualized estimate of \$13 million for the pool.⁴

This amount represents a small portion of overall pool revenues, and an even smaller portion of universal service funding. These reductions would, however, be very significant for customers of T-1 services

NECA's petition for rulemaking has now been pending for six months. NECA member companies, who typically serve rural areas where comparable ISDN facilities are not available, urgently need action on this matter. NECA accordingly requests that the Commission move forward with this proceeding as quickly as possible.

Sincerely,



Bill Cook

cc: Tamara Preiss

⁴ NECA believes that demand response (i.e., stimulation or curtailment of demand related to proposed changes in current rates) will be minimal because PBX users are unlikely to forgo the sunk cost of this type of equipment in response to the reduction in the Centrex SLC.